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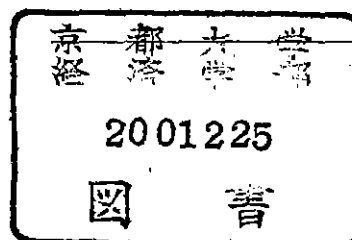
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ON PECULIARITIES OF THE ECONOMIC DEVELOPMENT OF JAPAN

1. WHAT ARE PECULIARITIES OF ECONOMIC DEVELOPMENT OF OUR COUNTRY?

I wish to study herein whether or not the history of economic development in our country has been marked by phenomena which are not found in those of other countries and which can rightly be regarded as peculiarities in the development of our economic life.

Of course such a study may not have much significance for those who believe that the economic developments of all nations are made along the one and same course. Dr. Takimoto, for instance, declares:

"It goes without saying that different nations have different histories. But the development of the civilization of the world is one and the human development has been and is following the same course and advancing towards the same direction. In consequence, although different nations manifest different phenomena due to their different stages in civilization and culture and further because of their complicated internal as well as external relations, the fact remains that, after all, the history of the world is repeating the same things in these different nations. Accordingly, the experience of an advanced country is followed by a second country as an example; those which were once adopted by the second country prove precedents for a third country, whose course, in turn, is followed by a fourth country—because they all are subject to the fundamental laws of human progress and development. The history of

Japan, therefore, can be regarded as part of the history of the world's development."¹⁾

The foregoing assertion is not without truth, and further it may truly be said that the economic developments of nations are treading the same course and in the same direction. Needless to state that it is because the economic developments of nations have practically the same tendency that the theory of the economic stages is possible. Our civilization itself has been developed in a large measure by importing and digesting those of China and Corea and through them that of India in the ancient times and that of the West in the modern times; and thus our external intercourse has had a major part in the development of civilization. It is evident then that a study of the economic development of our country must be accompanied by that of the world in general, especially in view of the fact that owing to the great development of the world's communications, the interdependence of nations has been extremely intensified in recent years.

However, this is only one side of the story. On the other hand, it should be noted that the Occident has customs and tendencies peculiar to itself, while the Orient also has its own peculiarities. Within Europe England differs from the Continental countries; on the Continent conditions in France are vastly different from those in Germany. Although practically of the same race, the economic history of the English by no means shows the same development which is seen in that of the Americans; and this fact is enough to show the vast difference between the economic history of Japan and that of the West.

All countries by no means have the same elementary conditions of economic life such as geography, climate, institutions and customs; there is no guarantee that because certain things were adopted by one country they will also be adopted by others. Nor does communication between

¹⁾ Dr. Takimoto, *Essays in Economic Studies* (經濟一家言).

different countries remain constant for all times. No nation will be able to disregard utterly its peculiarities or characteristics and to convert them into things universal and common to all. It is only too natural then that, although in outward appearance the developments of nations roughly take the same course, in reality that of each country has special causes or circumstances; and it often happens that those special circumstances in the life of a nation are the important elements constituting its economical development. In such a case it will not be sane to disregard those special circumstances. Of course it is not right to consider isolated facts, but at the same time the peculiar conditions of nations should not be overlooked. The general tendency of the world and the special circumstances in our country are of an equal importance in our minds and what we should do is to evaluate them properly. Such are my views of the economic peculiarities of nations in general, and I do not mean to deny the truth that the fundamental tendency of the economic development of the world is universal and common to all.

2. THE PECULIARITIES CONSIDERED FROM THREE ANGLES

In dealing with the peculiarities already referred to, it is possible to consider them from various angles and in divergent degrees; however, it is clear that the viewpoints from which the proposed survey is to be made must be wide enough to cover the entire history of our economic development. Should we point out isolated facts and compare them without order, we would be committing the great blunder of omitting what is important, of being engrossed with trifles, of placing things of unequal importance on the same level, and of misclassifying facts. I shall consider the question from the following three standpoints: the subject of economy, the quality of economy and the form of economy.

By the "subject of economy" I mean the people or

the nation who live an economic life. What is peculiar in our economic life is what I call herein the "continuity of the subject of economy." Prof. Uchida²⁾ has pointed out the following three peculiarities in the national characteristics of our country: the continuity of the form of our State, the continuity of our race, and the continuity of our spiritual culture. The continuity of the subject of economy I have already referred to corresponds to Prof. Uchida's "continuity of our race." Whereas in the case of other countries the principal racial elements of their populations were often replaced by other races, in our country the same race, namely the Yamato race, has continued to maintain its predominant place in the racial composition of our population ever since the dawn of our national history down to this very day. True, the Japanese are the composition of many divergent races which were blended in the ancient time, and during the course of its history new racial elements were also added to it; but their assimilation has been perfect and complete so that today they constitute but one racial stock. Aborigines such as the Emishis and cave-dwellers have long ago ceased to live an independent life, while naturalized foreigners and their descendants have also lost their own characteristics in the great melting pot of the Yamato race which still persists to be the central element of the Japanese race. In consequence there is no need of treating the history of the Japanese economic development in terms of different racial predominances. The history of the Japanese economic development is the history of the economic development of the Yamato race.

Next I shall consider whether or not the economic development of our country has taken place by our own power. In this connection I have already pointed out the fact that our civilization was much influenced by that of China, Korea and India in ancient times and that of the Western countries in modern times; so much so that had

²⁾ *General History and the History of Modern Japan*, pp. 9-13; 311-314.
(國史總論. 日本近世史)

we not borrowed from those foreign nations it is doubtful whether we could have reached the present stage.³⁾ The development of our handicraft industry in ancient times owed much to the part played by naturalized Chinese and Koreans. We have imported from China under Tang Dynasty a land system by which the government appropriated and distributed arable lands among the people. The introduction of Buddhism in 552 A.D. had the effect of stimulating the development not only of our sculpture, architecture, industrial arts, mining, but also of communication, trade and other phases of our economic life.⁴⁾ Generally speaking, it can be said that our country assiduously copied the Chinese economic and other systems of the Sui and Tang Dynasties during two Japanese historical periods, namely, the Nara and Heian Eras (about 400 years and 70 years respectively); but from the beginning of the Kamakura Era (about 150 years) Japan began to manifest her own characteristics which were perfected during the Tokugawa Era⁵⁾ which preceded the restoration of the Imperial rule. After she entered the family of nations in the modern era, she borrowed industrial technologies freely from the Western countries the result being a marvelous progress in her economic and industrial life.⁶⁾

Thus, while it is undeniable that our general civilization, including the economic civilization, has received a great impetus from the importation of foreign civilizations, our history cannot be said to be that of mere imitation; we have not copied the foreign systems as they were, but took only those which we thought suited our special conditions and circumstances, so that those which were imported from foreign countries contained some elements which

³⁾ Prof. Tsuji, *History of Overseas Communication*, p. 7 and the following. (海上交通史論)

⁴⁾ Prof. Kawada and Mr. Okamoto, *Japan's Economy and Buddhism*. (日本の經濟と佛教)

⁵⁾ Prof. Uchida, *ibid*, p. 314.

⁶⁾ Prof. Toda, *Japan's Economy*, p. 16. (日本の經濟)

were not found in the countries which supplied them to us. Our imitation involved reconstruction and resulted in the special development of the imported systems. In short, our civilization is the result of importing foreign civilizations which then were digested, reconstructed, and assimilated to our special conditions of life, and this applies to our economic systems as well. The powerful influence of foreign economic systems can be regarded as one of the peculiarities of our economic development.

Lastly, I shall study the question from the viewpoint of the successive forms marking the several stages of economic development. According to the theory of the economic stages, advocated by such men as List and Grosse,⁷⁾ industrial evolution in general passes the hunting, pastoral, agricultural, commercial and industrial stages in the order as given above. The primitive Japanese passed the first stage, but generally it is conceded that no pastoral stage ever marked industrial development in Japan. As to agriculture, it existed in the earliest period of our people and the encouragement of the agricultural pursuit was conceived to be one of the important governmental functions. Since the time of the Nara Era, agriculture became the main Japanese industry, and it was regarded as the foundation of the State. During the Tokugawa Era and especially after its middle stage, the trading class increased their power, but still agriculture could be considered as the main industry in our country. Even after a great progress in industry and commerce has been made after the restoration of the Imperial rule, the majority of the people are still engaged in the agricultural pursuit, which is still regarded as the premier Japanese industry.

Some of the Western countries, which have passed the hunting and pastoral stages completely, are nearly passing the agricultural stage. Others have already passed the agricultural stage and are in the midst of the industrial

⁷⁾ List, *Das Nationale System der Politischen Ökonomie*, 1841.

Grosse, *Die Formen der Familie und die Formen der Wirtschaft*, 1896.

stage. In some countries both agriculture and industry exist side by side, but the former is barely escaping natural decay because of the special protection given it by governments. In others agriculture, commerce and industry exist, but the last named two are more powerful than the first one. Generally speaking, the agricultural stage has already passed and that of commerce and industry is in its place.

However, in the case of our country, agriculture existed in the dawn of our history and it still persists to be the dominant industry even this day. This is traceable to political and geographical circumstances. Though an island nation, Japan had very close communication with the Continental countries in the ancient times, but in the Middle Ages she became seclusive; and in consequence she sought an economic self-sufficiency in her own agricultural industry. (This fact in a large measure also explains why the influence of foreign civilization upon our systems in ancient times was great while we created our own systems and institutions in the Middle Ages.)

Although agriculture supplied the people with foodstuffs, its very nature, which is conservative, failed to give birth to commerce for whose development active and free spirit is necessary. This state of affairs continued to exist through the Tokugawa Era down to the Meiji Era. Even after the Meiji Era, the importation of industrial technologies from the West have had little effect upon our agriculture. We have made some progress in our industrial life, but agriculture remains the same due mainly to the geographical and other reasons. The fact that Japan is remaining an agricultural country can surely be regarded as one of the peculiarities in her economic development.

3. SOME AFTERTHOUGHTS

The three peculiarities mentioned above were produced because of geographical and social reasons. In order to understand the nature of our economic peculiarities it is

necessary for us to compare our development with that of other countries, especially those advanced Western countries. Great care should be taken in this comparative study. In making this study we shall find that what are regarded as peculiarities in one country are often found to exist in other countries, though the nature of their development may be vastly different because of differences in time and place.

It often happens that what seems to be identical things in their outward appearance, on an examination of their inner nature it is revealed that they are in reality different things. On the other hand, it also daily happens that what at first are regarded as different things, in actuality are the same things, as far as their inner meanings are concerned. For these reasons it is insufficient merely to point out facts in different countries; but great care must accompany any comparative study of this sort. Not only external appearances of things but also their internal causes and surrounding circumstances should be the subject of careful study.

The Japanese people have been busy adopting the Western civilization since the time of the restoration of the Imperial rule, and have been unduly neglecting to study their own country's affairs, although such a study is obviously important as well interesting. The Japanese must first know about themselves, especially their economic questions in the past and present. It is anachronistic to regard history as the autobiography of heroes or as the record of wars and political incidents. The need of a history which treats of the daily life of the people is never more urgently demanded as at present. There is a vast room for such a study as such treatment has been neglected. Virgin soil in which the seeds of scholastic investigation may be sown is seen in every corner of our national history. Of course much difficulty lies in the path of such investigation, but the difficulty itself may prove an incentive for our inquiry.

EIJIRO HONJO